SUPREME COURT, U. S.

IN THE

Supreme Court of the United States

October Term, 1974

No. 74-1016

LEONARD R. KAHN, *Petitioner*

v.

DYNAMICS CORPORATION OF AMERICA,
Respondent

BRIEF FOR RESPONDENT IN OPPOSITION

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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TABLE OF CONTENTS

	Page
Opinions Below	1
Jurisdiction	1
Questions Involved	2
Constitutional and Statutory Provisions	3
Respondent's Statement of the Case	3
Argument	9
The Petition Does Not Raise Any Substantial Federal Question for Resolution but Instead Seeks Further Appellate Review of the Facts	9
The '503 Patent Is Anticipated and Is Therefore Invalid	10
The '503 Patent Is Invalid Because of Obviousness	15
The '503 Patent Is Invalid Because of Misrepresentation and Failure to Disclose Material Facts	16
Claims 15 and 16 Could Not Be Valid Claims of the Scope Petitioner Asserts Because of Sales More Than One Year Before the Assertion of Such Subject Matter	19
The '503 Patent Is Not Infringed	20
The Award of Attorney Fees Was Justified	24
Conclusion	28

TABLE OF CITATIONS

Cases:

Bussemer v. Artwire Creations, Inc., 231 F.Supp. 798 (S.D.N.Y., 1964)	27
Chicopee Manufacturing Corp. v. Kendall Co., 288 F.2d 719 (4th Cir.), *cert. denied*, 368 U.S. 825 (1961)	19

TABLE OF CITATIONS—(*Continued*)

Cases:

Page

Federal Welding Service v. Dioguardi, 295 F.2d 882 (2nd Cir. 1961) 27

Indiana General Corp. v. Krystinel Corp., 297 F.Supp. 427, 449 (S.D.N.Y. (Tenney J.), 1969), *affirmed*, 421 F.2d 1023 (2nd Cir. 1970), *cert. denied*, 398 U.S. 928 (1970) 27, 28

Kaehni v. Diffraction Co., Inc., 342 F.Supp. 523 (D. Md., 1972), *affirmed*, 473 F.2d 908 (4th Cir.), *cert. denied*, 414 U.S. 854 (1973) 24, 27

Monolith Portland Midwest Co. v. Kaiser Aluminum & Chemical Corp., 407 F.2d 288 (9th Cir. 1969) .24, 27

Monsanto Co. v. Rohm & Haas Co., 312 F.Supp. 778 (E.D. Pa., 1970), *aff'd*, 456 F.2d 592 (3rd Cir., 1972), *cert. denied*, 407 U.S. 934 (1972), *reh. denied*, 409 U.S. 899 (1972) 17

Muncie Gear Works, Inc. v. Outboard Marine & Mfg. Corp., 315 U.S. 759 (1942) 19

Norton v. Curtiss, 433 F.2d 779 (CCPA 1970) 17

Penn Yan Boats Inc. v. Sea Lark Boats, Inc., 359 F.Supp. 948 (S.D. Fla. 1972), *aff'd per curiam*, 479 F.2d 1328 (5th Cir. 1973), *cert. denied*, 94 S. Ct. 66 (1973) 17

Ruben Condenser Co. et al. v. Copeland Refrigeration Corp., 85 F.2d 537 (2nd Cir. 1936), *cert. denied*, 300 U.S. 665 (1937) 6

Technograph Printed Circuits, Ltd. v. Bendix Corp., 218 F.Supp. 1 (D. Md., 1963) *affirmed per curiam*, 327 F.2d 497 (4th Cir., 1964), *cert. denied*, 379 U.S. 826 (1964) 6

TABLE OF CITATIONS—(*Continued*)

Statutes:	Page
Title 35 U.S. Code §102	10
Title 35 U.S. Code § 103	15
Title 35 U.S. Code §112	23
Title 35 U.S. Code §285	24, 27
Other Citation:	
Rule 52(a) F.R.C.P.	9

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OPINIONS BELOW

Supplementing the information on page 2 of the Petition, the affirming decision of the United States Court of Appeals for the Second Circuit, as amended January 9, 1975, is reported at 184 U.S.P.Q. 260.[1]

JURISDICTION

Petitioner has correctly stated the basis for jurisdiction.

1. The case has not yet appeared in the Federal Reporter, Second Series.

THE QUESTIONS INVOLVED

Petitioner's statement of the questions involved is hardly appropriate because it intermixes hypothesis and argument with the ultimate questions. In essence, Kahn's Petition questions the correctness of the District Court's adjudication, affirmed by the Court of Appeals, that the '503 patent is neither valid nor infringed and that defendant is *entitled* to reasonable attorney fees in this exceptional case. Subdivisions of this question are the following questions, keyed to the decision of the trial court (reproduced in the Petition at pages A15-A27) and to the affirming opinion of the United States Court of Appeals for the Second Circuit (reproduced in the Petition at pages A4-A14, amended at A1-A3):

1. Was the trial court's finding that the Oswald patent describes a workable system anticipating Kahn's '503 patent claims (A18-A22 & A26) consistent with the evidence as the Court of Appeals concluded (A7-A10)?

2. Was the trial court's finding that the '503 patent is certainly obvious in view of the prior works of Peterson, Beverage and Moore, and Polkinghorn, Oswald, Friis and Feldman (A18-A21) and that Kahn made no new contribution to the art (A21) consistent with the evidence as the Court of Appeals concluded (A9)?

3. Did Kahn practice misrepresentation and concealment and deceive the Patent Office in obtaining his patent as the trial court found (A20, A25) in its findings approved by the court of Appeals (A11 & A13-A14)?

4. Does the evidence support the trial court's conclusion that claims 15 and 16 of the Kahn patent could not be valid claims of the scope asserted by plaintiff-petitioner because the subject matter of such claims was first asserted in and after 1961, more than one year after equipment identical to that charged to infringe had been on sale and delivered to customers (A22-23, A26; also A10)?

5. Does the evidence support the trial court's findings and conclusion that the plaintiff failed to sustain his burden of proving infringement and that the evidence confirmed the absence of infringement. (A23-A26; also A10-A11)?

6. Does a trial court abuse its discretion in holding a patent infringement suit exceptional in the meaning of 35 U.S.C. 285 where the Patent Office was misled by the applicant's misrepresentation and concealment, and the suit on the resultant patent was carried out without any basis for demonstrating the applicability of the claim clauses to the defendant's accused products (A25-A26, also A11-A14)?

CONSTITUTIONAL AND STATUTORY PROVISIONS

Petitioner has accurately reproduced in his appendix several sections of the Patent Law bearing upon this case.

Petitioner has also made reference to certain portions of the Constitution, but no constitutional question has been raised before either the District Court or the Court of Appeals, and Kahn has no basis for raising such a question before this Court *de novo*.

RESPONDENT'S STATEMENT OF THE CASE

Kahn presents a distorted Statement at pages 4-7 of his Petition which necessitates this counter-statement of the case. The apparent objective is to paint a picture of Kahn, himself, having solved a long felt need for improvement of diversity receiving systems by having orginated ratio-squared combining and having established it as the one and only optimum diversity system.

At pages 4-5 of his "Statement", Kahn represents that there were "some 27 years of intensive experimentation" on the best forms of diversity in the period from 1927 to 1953. But what the record shows is that there were a few technical papers and patents scattered through that period, including papers and patents showing recogni-

tion and use by others, long before Kahn, of ratio squared combining in diversity reception for the signal-to-noise benefit.

At page 5 of his "Statement", without any record support, Kahn represents that the project he participated in at Crosby Laboratories was "in competition with M.I.T. and Stanford University." Even if such a "competition" were made out by the evidence, it would not be dispositive of any issue.

At page 5 Kahn further introduces a self-serving new argument as to the merit of changing diversity channel responsiveness slowly — not rapidly.[2]

At page 7 of his "Statement", Kahn alleges that ". . . DCA . . . met with severe problems" in using switching diversity systems, and was then advised by M.I.T. to "follow Kahn's teachings to solve their problem." Kahn repeats this allegation at the top of page 13. This is a gross distortion. DCA had already developed its own distinctly different circuit for utilization of the diversity receiver outputs, a circuit which did not stem from Kahn or M.I.T., and was not beset by any switching problems (JA-886-92; Exh. Y; JA-953-58)[3]

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2. At pages 16-17, in expanding upon this new argument, Kahn suggests that this was so "subtle" as to have escaped notice heretofore. Indeed, petitioner did not make it the basis of contentions before the District Court or the Court of Appeals.

3. References in this brief to the decisions below, the testimony, and the exhibits are as follows:

A———: The designated page of the appendix in the Petition;

JA——: The designated page of the Joint Appendix (5 volumes) before the Court of Appeals; and

Exh. ——: The designated trial exhibit. Exhibits introduced by plaintiff were numbered; those introduced by defendant were lettered. Before the Court of Appeals, in addition to the Joint Appendix Petitioner submitted four binders of "Selected Trial and Deposition Exhibits". In these volumes some of the exhibits introduced at the trial were not reproduced in their entireties (e.g. Exhs. 24, 26, 27, FF and GG) but only selected pages thereof were reproduced.

Petitioner asserts on pages 5-7 of his Statement that his alleged "ratio squaring" invention became "the standard of the industry", that he licensed his patent to RCA, Northrop and Western Union, and that the Defense Department included a requirement for ratio-squaring in its "general specifications for communications equipment". Even aside from the fact that Kahn did not invent ratio-squaring (infra, pp. 6-7), there is no competent evidence to support either the assertion that "ratio-squaring" became the standard of the industry or that the Defense Department has to any substantial and lasting extent required that it be used. While Mack, as a staff member of the MIT Lincoln Laboratory, did for a time advocate the use of ratio-squared combining in diversity receiving equipment being developed for government use, he and his colleagues soon came to recognize its disadvantages, particularly where, in a diversity system, the received signals in the branches may differ greatly (JA 894-99). As to the three "licenses" granted under the patent according to page 6 of the Petition, one (Western Union) was a settlement of a suit brought by Kahn (Petition, p. 19, also JA-532). According to Kahn, the three license and/or settlement agreements averaged only some $40,000—a fraction of the cost involved in maintaining a defense to a suit and any appeals—and Kahn has received no royalty payments since about 1966 (JA-530-33). Limited success in causing parties to take licenses and pay some royalties to obviate (or terminate)

Note 3—*Continued*

Petitioner did not request transmittal of any exhibits or record material. Respondent has requested the Court of Appeals to transmit the Joint Appendix and the four binders of "Selected Trial and Deposition Exhibits". Since the Joint Appendix includes the entire transcript of the trial testimony, it would have been superfluous to transmit the actual trial transcript. However, since Exhs. 24, 26, 27, FF and GG were not reproduced in their entireties in the Exhibit binders, respondent has requested that those exhibits also be transmitted.

the expense of litigation would not even constitute significant evidence of commercial success, much less overcome evidence of the invalidity of a patent.[4]

* * * * *

This suit for alleged infringement (of Claims 15 and 16) of Kahn's patent No. 3,030,503 by certain models of diversity radio receiving systems made and sold by respondent Dynamics Corporation of America (DCA) was commenced by Kahn in June, 1969. He maintains that said '503 patent covers an improved diversity receiving system in which the outputs of a plurality of individual radio receivers are combined in proportion to the squares of the signal strengths at the antennas of the respective receivers, whereby to provide a better signal-to-noise ratio while minimizing the effects of fading of the received signals in the course of transmission to the receivers.

Kahn asserts that this system was invented by him in the 12-month period between mid-1951 and mid-1952 while he was employed as an engineer for Crosby Laboratories engaged in a project for the Army Signal Corps involving the investigation of communication system techniques. Long before that time, the benefits of diversity radio receiving systems to combat fading had been appreciated, and such systems had been in use. Some versions of these systems were arranged to switch off all except the strongest channel receiver ("selection"), while others were arranged for adding together the detected outputs of the receivers ("combining"). Indeed, several of these prior systems proposed and used by others employed ratio-squared combining which Kahn later claimed to have originated. Oswald patent No. 2,219,749, granted October 29, 1940, described a system having

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4. *Ruben Condenser Co. et al. v. Copeland Refrigeration Corp.*, 85 F. 2d 537, 541 (2nd Cir., 1936), *cert. denied*, 300 U.S. 665 (1937); *Technograph Printed Circuits, Ltd. v. Bendix Corp.*, 218 F. Supp. 1, 51-52 (D. Md., 1963), *affirmed per curiam*, 327 F. 2d 497 (4th Cir., 1964), *cert. denied*, 379 U.S. 826 (1964).

the same principal features and the same capabilities as later proposed by Kahn and disclosed in his patent. Thus, as the District Court and the Court of Appeals both recognized, Kahn made no new contribution to the art, but at most republicized what had much earlier been developed and published by others.

As the record in this case shows, Kahn had become familiar with at least some of these prior systems early in his work at Crosby Laboratories in 1951-1952.[5] Despite this fact he applied for a patent on a use of ratio squaring for diversity reception, and he proceeded, by way of a letter published in the Proceedings of the Institute of Radio Engineers, to present ratio-squaring as though he were the first to have recognized its benefit. After 7½ years pendency, Kahn's original patent application was abandoned and replaced by a "continuation" application which was allowed about 1½ years later. Kahn never called the attention of the Patent Office to the prior work of others with which he was familiar; moreover, when the Oswald patent was cited by the Patent Office against his continuation application, he avoided revealing the true significance of this patent in relation to the subject matter of his own patent application, and presented arguments which misled the examiners of his continuation application, after which they allowed that application to become the '503 patent in suit.

As a result of the publication of his letter in the Proceedings of the IRE, Kahn received some acclaim from other workers in the field who mentioned his letter in their own technical publications. Such citation of Kahn's published note about ratio-squared diversity combining does not exempt Kahn from the requirement that

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5. One such prior system of which Kahn specifically was aware was the diversity radiotelephone receiving system described in a 1931 technical paper by Peterson, Beverage and Moore. It was used several years at Riverhead, Long Island, N. Y. for receiving from abroad radiotelephone transmissions which were rebroadcast over NBC (JA-1104).

he himself make a new (unanticipated) and unobvious inventive contribution to the art in order to be entitled to receive a valid patent.

At the trial of the case in the District Court, Kahn was not even able to make out a *prima facie* case of infringement of his patent through the testimony of his expert witness and by reference to instruction manuals for the accused diversity receivers which were made available to him by respondent. Moreover, respondent adduced testimony which confirmed that there was no infringement. In view of these facts, as well as the recognition that Kahn had proceeded by concealment and deception, the patent was held invalid and not infringed, and defendant DCA was awarded attorney fees.

The Court of Appeals took up the findings and conclusions of the trial court, finding the evidence to support its holdings and finding no abuse of discretion in the trial court's award of attorney fees in view of plaintiff's demonstrated bad faith.

ARGUMENT

The Petition Does Not Raise Any Substantial Federal Question for Resolution but Instead Seeks Further Appellate Review of the Facts.

The ultimate objective of Kahn's Petition is to have this Court overturn the concurring decisions below. His Petition seeks a yet further stage of appellate review of the case to attempt to convince this Court that the courts below did not correctly weigh the evidence—that they should have believed Kahn even when the unrealiability of his testimony (and testimony which he had his expert Barber essentially repeat on his behalf) had been demonstrated by the testimony of experts including several eminent authorities on diversity receiving. When Kahn gave his transparent excuses for certain of his acts and representations, he was under the scrutiny of the trial court, just as were the several witnesses called by the defendant. The Court of Appeals did not even advert to the rule of law codified in Rule 52(a), F.R.C.P. that

> "Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses."

Indeed, there was no need to invoke this rule because the tenor of the decision of the Court of Appeals (A4-A14 and A1-A3) shows its concurrence that the weight of the evidence supports the trial court's findings and conclusions as well. Under these conditions, it is submitted that the case presented by petitioner fails to show any good and sufficient reason why this Court should grant the Petition and accord Kahn a further appellate review on the merits.

Petitioner has not shown that there is any conflict of decisions on any controlling point, or any substantial Federal question here presented for resolution. Hence, Kahn's Petition boils down to nothing more than a request

for a further review of the case and an attempt to persuade this Court to reverse the decisions of the courts below.

In the remainder of this argument, the principal issues raised by the Petition will be discussed. However, it is not deemed appropriate to burden this Court with all of the many facets of the arguments presented by Petitioner, many of which are believed to be so clearly lacking in merit as not to require specific discussion.

The '503 Patent Is Anticipated And Is Therefore Invalid.

The District Court held that

> "The patent in suit is accordingly invalid as anticipated by the prior art under the provisions of 35 U.S.C. §102 (1970)." (A22).

It further explained that the anticipatory prior art was the Oswald patent 2,219,749 of 1940 (Exh. Z), and specifically the version it described on page 3, column 2 in lines 6-29 as involving the use of the Ohl patent carrier reconditioner (A20, esp. footnote 9; A21-22 and Exh. AA). As the District Court found, this fully anticipates the Kahn circuit (A22) and "would operate as a satisfactory diversity system to effect ratio-square combining without any difficulties due to phase inconsistency", as "borne out by the testimony of defendant's experts Brennan, Mack, and Bingley." (A20).

The Court of Appeals approved and accepted this finding (A9-A10). It supplemented its affirmance of the holding of invalidity on the ground of anticipation when it amended its opinion (A2-A3), pointing out that since the Oswald patent describes the version using the Ohl carrier arrangement, the Oswald patent itself suffices as a complete anticipatory reference.

Petitioner Kahn attacks the observations by the courts below that ". . . there is no evidence that the patent examiner knew of the Ohl patent or that it was called to his attention by Kahn." (Petition, pp. 3, 9-11 and

15).[6] Kahn argues that awareness of the Ohl patent by "the Examiner" is made out by page 145 of Exhibit FF and he alleges that "The Oswald/Ohl combination. . . was fully considered and rejected by the Patent Office" (Petition, p. 10). But as will now be shown, it was not the examiner(s) who examined the Kahn **continuation** application and eventually allowed it to become the Kahn '503 patent who "fully considered" Oswald's version using the Ohl circuit. Furthermore, the examiner(s) who **did** consider that version (i.e. the examiners of the original Kahn application) did not "reject" that version but adhered to the position that it was an anticipation of Kahn's described apparatus (infra, pp. 11-13).

Petitioner fails to point out that after 7½ years of pendency, his original patent application, which was assigned to Patent Office Examining Division 51, was not allowed but was abandoned December 13, 1960, after final rejection by the examiners in that division. Concurrently with that abandonment Kahn filed a continuation application, which was assigned to another examining division (Division 92) and was considered by different examiners. In due course the examiners in **that** division allowed the continuation application and the Kahn patent was granted.

As the Patent Office file of the original application (Exh. FF) shows, that application was repeatedly rejected as unpatentable over the Oswald patent, the third such rejection (of January 30, 1958) having been made final. (Exh. FF, pp. 65-66). It was not until after that final rejection that Kahn for the first time advanced an argument to the effect that the system disclosed by the Oswald patent was subject to the alleged defect that it would not combine the several received signals **in phase** (Exhibit FF, p. 76). This argument was not convincing to the examiners in Division 51—they adhered to the final re-

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6. These references by the courts to the awareness question are at pages A21-A22 and the bottom of page A9 of the Petition.

jection. Kahn then appealed the final rejection to the Patent Office Board of Appeals.

In the Examiner's Answer to Kahn's appeal brief, the Division 51 examiners responded to the aforementioned new argument by pointing out that the alleged defect (lack of in-phase combining) asserted by Kahn to characterize the Oswald patent disclosure would not exist in Oswald's second embodiment (which used the subject matter of the Ohl patent) as described by Oswald on page 3, right column, lines 6-29 of his patent. (Exh. FF. p. 145)[7]

Although Kahn then filed a reply brief in which, *inter alia*, he purported to reply to the observations in the Examiner's Answer regarding Oswald and Ohl, an abandonment of the original Kahn application was filed December 13, 1960 just before Kahn's appeal was to have been heard (January 19, 1961) by the Board of Appeals.

Kahn's continuation application filed December 13, 1960 was accompanied by a letter on behalf of Kahn in which reference was made to the Oswald patent as "the only reference of basic pertinency". However, this letter omitted any mention of the position which had been taken in the aforementioned Examiner's Answer by the examiners of Division 51 with respect to the version described by Oswald on the third page, right column—the version embodying the Ohl patent circuit. Indeed, although the continuation application was initially rejected by the examiners in Division 92 and was subsequently allowed following an interview between Kahn and his attorney and the examiners of Division 92, confirmed in a further amendment (Exh. GG, p. 63), there is nothing in the Patent Office file of the continuation application to show that the Division 92 examiners ever were made aware of the un-

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7. That the Division 51 examiners were correct is borne out by the testimony of Brennan (JA 404), Mack (JA 927) and Bingley (JA 1164-69) and also by the District Court's finding (A 20).

illustrated version disclosed by Oswald with specific reference to the Ohl patent.[8]

From the foregoing it must be concluded that the pertinency of Oswald's version including the Ohl patent subject matter never was called to the attention of **the examiner(s) who allowed the patent.** This is consistent with the conclusions reached by both the trial court and the Court of Appeals. Therefore Kahn's simplistic assertion that "the Examiner was aware of the Ohl patent" affords no justification for Kahn's urging that he should be entitled to yet further appellate review.

Three further contentions made by petitioner in attacking the holdings of the courts below on the question of anticipation are similarly without merit. First he attacks a diagram (Exh. AA) which was prepared by defendant's expert Bingley to assist in explaining the second embodiment of the Oswald patent as being "a *hypothetical circuit*, which was also never tested." (emphasis Kahn's) But, as the trial court recognized the circuit of this diagram "was, in effect, Oswald's circuit incorporating the change which Oswald had himself proposed as disclosed in the Ohl patent" (A.21). Bingley, Brennan and Mack all testified that this described circuit version is an operative circuit for providing ratio-square combining without any phasing problems.[9]

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8. This may have been the result of Kahn's letter accompanying his continuation application having represented that he was there setting forth the prior art relied on in examining the original Kahn application, but having failed to call attention to the version described on the third page of the Oswald patent. In that letter, Kahn acknowledged that he had learned that the assistant examiner who had theretofore been examining the original application was no longer in the Patent Office, and hence Kahn had reason not merely to hope but to be assured that some other assistant examiner would have to proceed with the examination of his continuation application (Exh. GG, pp. 44-45).

9. After it had been established at the trial that the Oswald embodiment described in the right-hand column on page 3 of the specification retains phase coherency equally as would Kahn's disclosure, Kahn retreated to his contention before the trial court that

Next, petitioner refers to six "highly technical" reasons which he advanced in the course of his testimony at the trial as to why the Oswald patent system would be inoperative. But the trial court, which had the advantage of observing Kahn and observing experts Brennan, Mack and Bingley as they testified, found Kahn's self-serving criticisms of the Oswald patent unconvincing; on the other hand, he found worthy of belief the testimony by defendant's experts that the system disclosed by Oswald would operate in the same manner and produce the same results as proposed by Kahn's patent.

Finally, petitioner refers (on page 11) to a "mathematical analysis" which he offered in his briefs both to the trial court and to the Court of Appeals purporting to show that the Oswald system will not produce ratio-square combining, but rather will produce square root combining.[10] Neither the trial court nor the Court of Appeals was persuaded by this specious argument.

Note 9—*Continued*

he looks carefully only at the main embodiment drawing and description in a patent and does not direct his attention fully to the additional embodiments (JA 1282 & 1320-21). But Kahn so testified while under the scrutiny of the trial court, and that court had full opportunity to form its opinion as to any veracity of the self-serving statements, contentions and excuses tendered to the court by Kahn. Considering the brevity of the Oswald patent specification and the fact that it was repeatedly cited as ground for rejection of Kahn's original (abandoned) application as well as the continuation application, it is hard to see how anyone could have believed Kahn's strange excuses even without the District Court's benefit of observing him during the testimony (footnote 10 and related text of District Court's opinion at A20).

10. This "mathematical analysis" argument was based on a highly technical quibble as to use of terms such as "energy" in the Oswald patent. But as admitted by and on behalf of Kahn concerning the Oswald patent (Exh. FF, p. 76),

> ". . . Oswald . . . states that his gain should be varied in proportion to signal strength."

This is the condition which provides ratio-squared combining as Kahn's patent points out (Exh. 1, col. 4, lines 19-34).

The '503 Patent Is Invalid Because of Obviousness.

Not only did the District Court hold the Kahn '503 patent invalid as anticipated by the Oswald patent, but also it held it invalid under 35 U.S.C. §103 as obvious in view of the prior art (A 22; also conclusion of law number 1(2) on A26).

The Court of Appeals, after affirming the holding of invalidity on the ground of anticipation, observed that it "scarcely need add" that any differences which might be perceived between the prior art and the Kahn '503 patent subject matter would be obvious to an electrical engineer like Kahn (A10).

Kahn complains that the courts below both erred in referring to what would have been obvious to "an electrical engineer like Kahn". Kahn also contends that the trial court failed to take into account the level of ordinary skill in the pertinent art.[11] His contention is that he is one of extraordinary ability, quite superior to a person of ordinary skill (Petition, pp. 7-9), and hence not an appropriate standard for comparison. This contention does not withstand scrutiny. The courts below did not base their findings of obviousness upon whether or not the subject matter of the '503 patent would have been obvious to Kahn as an individual. Rather, they expressed their concurrent views that from the evidence the subject matter would be obvious to an electrical engineer, noting further that Kahn himself was an electrical engineer.

Indeed, when Kahn did this work and participated in the reports describing ratio-squared combining in diversity reception (Mid-1951 to Mid-1952, as mentioned in footnote 4 at page A17 of the Petition), he had just received (in 1951) his bachelor's degree in electrical engineering (JA-176). He was in his twenties. Even if his

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11. As to this latter contention, the courts below recognized that the level of ordinary skill in the art to which the patent subject matter pertains is the skill of an electrical engineer.

own background at that time were taken as typical of persons of ordinary skill in the art, his later progression through higher grades of membership in his professional society (IRE/IEEE), the experience he would later gain, and the assignments or tasks he might later undertake would not necessarily negate his having been a more or less representative electrical engineer in 1951-1952 just after his 1951 graduation as an electrical engineer.

For yet another reason, Kahn's criticism of the holdings below that the '503 patent is invalid on the ground of obviousness is specious. The Oswald patent is among the several prior art patents and articles which are the basis for the holding of obviousness. Upon the findings of fact below, the District Court held that the Oswald patent anticipates the '503 patent, and the Court of Appeals affirmed, as aforementioned. Hence, even if Kahn could somehow conjure up an argument that the prior art publications and patents other than the Oswald patent left something to be supplied which might not be found obvious to one of ordinary skill in the art, the contention could not be applicable to those references considered together with the Oswald patent.

For the foregoing reasons, it is submitted that there is no error in the holdings of the lower courts of invalidity on the ground of obviousness.

The '503 Patent Is Invalid Because of Misrepresentation And Failure to Disclose Material Facts.

The trial court held the Kahn patent invalid "because of plaintiff's failure to disclose material facts of which it was aware, and its arguments wherein the contents of the Oswald patent and the Brennan paper were materially misrepresented." (A26; see also A9, A13, A14).

The Court of Appeals recognized that the presumption of validity of a patent "should not attach where there is evidence that the Patent Office has been misled as to the true import of prior art references." (A9). In addition,

it is well established that a patent may be invalidated (at least rendered unenforceable) where material misrepresentations were deliberately made to the Patent Office in the course of its procurement. *Penn Yan Boats Inc. v. Sea Lark Boats, Inc.*, 359 F.Supp. 948 (S.D. Fla. 1972), *aff'd per curiam*, 479 F.2d 1328 (5th Cir., 1973), *cert. denied*, 94 S. Ct. 66 (1973). See also *Monsanto Co. v. Rohm & Haas Co.*, 312 F.Supp. 778 (E.D. Pa. 1970), *aff'd*, 456 F.2d 592, 598-601 (3rd Cir., 1972), *cert. denied*, 407 U.S. 934 (1972), *reh. denied*, 409 U.S. 899 (1972) and *Norton v. Curtiss*, 433 F.2d 779, 793-97 (CCPA 1970).

As hereinbefore pointed out (supra, pp. 11-14), Kahn misled the Patent Office examiners with respect to the true significance of the Oswald patent—particularly with relation to the embodiment described with reference to the Ohl patent at page 3, column 2, lines 6-29 of the Oswald patent.

In addition Kahn failed to call to the attention of the Patent Office a highly pertinent prior art reference of which he was admittedly aware—the Peterson-Beverage-Moore IRE paper (Exh. 13). Kahn seeks to minimize the effect of his failure to call the attention of the Patent Office to the Peterson-Beverage-Moore article on the basis that it was referred to in a footnote to a letter of J. B. Moore published in the proceedings of the IRE (Kahn Dep. Exh. I) which commented on Kahn's letter earlier published in the proceedings of the IRE (Exh. 9) setting forth his ratio-square analysis. However, it is not reasonable to conclude that this would have sufficed to alert the Patent Office as to the significance of the Peterson-Beverage-Moore article, and there is nothing to indicate that the Patent Office examiners did consider the article. Neither of the courts below was impressed by this contention of Kahn's which was made to both of them.

Kahn further asserts, as he did below, that in any event the Peterson-Beverage-Moore article is not relevant to the concept of ratio-square combining in diversity

systems. But this self-serving assertion is opposed to the testimony of highly qualified witnesses Polkinghorn (JA-728 & 768-73), Brennan (JA-330-31) and Mack (JA-901), all of whom testified that the Peterson-Beverage-Moore article was indeed pertinent to ratio-squaring, and Kahn's assertion to the contrary was not accepted by the courts below. In reasserting this contention—that the Peterson-Beverage-Moore article is irrelevant—Kahn now advances a new argument to the effect that the systems disclosed therein would not produce satisfactory ratio-square combining because they operate on an "instantaneous" basis, whereas, according to Kahn, ratio-square combining, in order to be effective, must be done "slowly". This argument was not presented to the courts below.

Moreover, as the District Court observed,

> ". . . Kahn and/or his attorney misrepresented the meaning of two selected phrases from the Brennan paper . . ."

which was published in 1959 in the Proceedings of the IRE (A20, footnote 10; Exh. L, p. 1081; cf. Exh. GG, p. 64). As the District Court noted, this was done "so as to conceal their real purport when read in context." By this device, plaintiff led the Patent Office to believe that the author, Dr. Brennan, had acknowledged that Kahn was the originator of ratio squaring *per se*, whereas Dr. Brennan had credited Kahn only with an **observation** as to such a system and had tended to credit Peterson, Beverage and Moore with having had a maximal ratio system in 1931.

In view of the foregoing, it is submitted that the holdings of the courts below, with respect to Kahn's failure to disclose material facts to the Patent Office and his making of material misrepresentations, are well founded and could not be tendered as valid reasons for further appellate review.

Claims 15 and 16 Could Not Be Valid Claims Of The Scope Petitioner Asserts Because Of Sales More Than One Year Before The Assertion Of Such Subject Matter.

In its third conclusion of law, the District Court held that claims 15 and 16 (the two claims in suit) could not be valid claims of the scope asserted by plaintiff because the subject matter thereof was first asserted in late 1961, more than one year after sales of equipment identical to that charged to infringe (A26). This was more fully explained by the District Court at A22-A23, citing both *Muncie Gear Works, Inc. v. Outboard Marine & Mfg. Corp.*, 315 U.S. 759 (1942) and *Chicopee Manufacturing Corp. v. Kendall Co.*, 288 F. 2d 719 (4th Cir.), cert. denied 368 U.S. 825 (1961).

The Court of Appeals found that there is "ample evidence" to support the above-stated conclusion (A10-A11). On pages 11-12 of his Petition, Kahn attacks this holding, maintaining that (a) so long as there was some broader prior claim in the application, and (b) provided that claims 15 and 16 are supported by the original application, the late claiming doctrine cannot rule out the validity of those claims [no matter how different their subject matter might be from the subject matter which was being claimed up to late 1961]. Not only is Kahn's sweeping proposition contrary to the law, but moreover, Kahn must build this argument on a false premise which he states as follows at page 11:

> "Testimony established that the claims were supported by the original application . . ."

To the contrary, in the course of the testimony, the attempts to show applicability, element by element, of claims 15 and 16 to the Kahn patent disclosure (which is identical to the original application disclosure) did not succeed. Barber, called as an expert by plaintiff, could not do so and no one else did so.

As the District Court found (A24),

> "His [plaintiff's] expert witness was unable to arrive at any definitively understood relation between the claims in suit and the disclosure in Kahn's specification and drawings. Although the expert acknowledged that since claims 15 and 16 consist exclusively of means claims [sic; clauses] they are required to be interpreted by reference to the specification, he failed to resolve the relation between the claims' clauses and the specification."

Thus, the testimony not only did not establish what Kahn here maintains—that the claims in suit were supported by Kahn's application—but it at least tended strongly to establish (if indeed it did not conclusively establish) that these two claims were not so supported.

In footnote 8 at page 12 of his Petition, Kahn asserts that even if the construction of the late claiming doctrine as applied by both of the courts below is correct, the holdings of those courts on this basis cannot be affirmed because they are inconsistent with their concurrent holdings that claims 15 and 16 of the Kahn patent are not infringed and that DCA's system did not operate in the manner taught by Kahn. This contention is without merit. The holdings of the courts below are not predicated on any holding that those claims are **in fact** applicable to equipment sold by DCA. Rather they are holdings that these two claims **"could not be valid claims of the scope asserted by plaintiff"** (Page A26 of the Petition, third conclusion of law, emphasis added).

For the foregoing reasons, Petitioner's argument for a yet further appellate review on this proposition is without merit.

The '503 Patent Is Not Infringed.

The trial court held that the Kahn patent is not infringed for the reasons that (a) an invalid claim cannot be infringed, (b) plaintiff failed to present evidence competent to sustain its burden of proving infringement, and (c)

the claims of the patent are limited to ratio-squared combining or to such variation of diversity branch receiver amplification as only to square the input signal ratios, whereas defendant's diversity systems raise their signals to greater exponential powers than 2 (the square) and switch off the weaker signal at all times except when the signal strengths are within a ratio of about 2:1. (A26-A27). The Court of Appeals affirmed these holdings. (A10-A11).

Despite the fact that the courts below held the Kahn patent not infringed on three separate grounds, petitioner seeks to make it appear that the holdings of non-infringement by the courts below are based solely (or at least primarily) on respondent having adduced evidence not wholly consistent with one or two sentences Kahn selects from certain voluminous instruction manuals produced by respondent concerning DCA's diversity receivers which were charged to infringe the Kahn patent. Kahn draws attention to a stipulation on the first day of the trial that the DCA instruction manuals describe the accused diversity receiving equipments.[12] He urges that Gruber's testimony near the end of the trial is not wholly consistent with the

12. The manual to which Kahn most frequently refers is Exhibit 24. It comprises some 250 pages, including more than 50 diagrams. The stipulation as to that manual could hardly be taken as vouching for correctness of every sentence, much less every word. An illustration of Kahn's strained attempts to capitalize on phrases and even words he selects from this 250 page manual is his reliance (in his footnote 10 on page 15) on the word "extremes" found at the middle of page 4-33 of Exhibit 24. This word was used in reference to the limits of combining, i.e. the 2:1 ratio of received signal strengths. Kahn is not content merely to capitalize on this poorly chosen word "extremes", but goes even further in his footnote No. 10 with the unsupported, self-serving contention that ". . . most system operation (about 90%) is between the 'extreme' modes." Kahn would have the Court overlook Exhibit B, Fig. 263, from which it may be observed that in these "typical records" of three-channel diversity reception, a ratio greater than 2:1 prevails against the weaker channels much more than 10% of the time, such that a weaker channel (or weaker channels) might well be switched out on the order of half the time, or more.

descriptive matter in the manuals—that it tends to contradict a reference in one manual to "approximate square law characteristic . . . for best signal to noise combiner output."[13] Petitioner overlooks the fact that it was the defendant's duty to bring forth the true facts as to the limited-range combining ratio after it had been checked by measurements. It is noteworthy, moreover, that on page 18 of his Petition Kahn alleges that "prior to commencing the suit" he "interviewed the Chief Engineer of DCA's major customer" and made certain as to the character of DCA's receivers. If Kahn had any reason to hope (much less believe) that Gruber's testimony was less than reliable, he undoubtedly would have adduced other testimony in the hope of contradicting it.

In any event, Kahn's present contention ignores the fact that even before respondent introduced any evidence to confirm that its accused receivers do not infringe the Kahn patent, the trial court had already expressly recognized that petitioner had failed to make out a *prima facie* case of infringement.[14]

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13. Gruber testified some 16 days after the commencement of the trial. He testified *inter alia* that he had just recently had measurements performed which (a) confirmed that (as the instruction manuals state) the combining action occurs only when the weaker signals are at least half as strong as the strongest signal (i.e. within 6 db. = 2:1 ratio) and (b) showed that the combining ratio applicable when the signals differ in strength by less than a 2:1 ratio is not the square of the input signal strength ratio but rather a varying higher exponential power, i.e. fourth power and higher (JA 962-63 & 986-87; Exh. II).

14. At the close of petitioner's direct case, respondent moved the trial court to dismiss the complaint on the ground that infringement had not been proved (JA 763). The trial court agreed, but nevertheless did not grant the motion to dismiss, preferring to permit respondent to proceed with the presentation of evidence directed to the proof of invalidity of the Kahn patent and in support of its claim that it was entitled to an award of attorney fees under 35 U.S.C. §285 (JA 937-39; A23). In its decision rendered after completion of the trial, the trial court reaffirmed its conclusion that petitioner had failed to prove infringement, which holding was affirmed by the Court of Appeals.

During his direct case in the trial before the District Court, petitioner, with the aid of the instruction manuals and the testimony of his expert witness Barber, sought to prove infringement of claims 15 and 16 of his patent by respondent's receivers. Each of these claims is directed to a combination of elements, each element being expressed as means for performing a specified function without the recital of structure in support thereof. Hence, the final paragraph of 35 U.S.C. §112 required that reference be made to the Kahn patent to determine what each clause related to, and hence to determine how each element clause must be construed in determining whether or not the claim was infringed.[15]

In his direct case petitioner failed even to establish any definitively understood relation between the claims in suit and the disclosure in his own application (A24). In view of this it is apparent that he could not (and he did not) succeed in establishing applicability of the claims in suit to respondent's diversity receivers (A24). Hence, contrary to what petitioner suggests, the lower courts' holdings of non-infringement on the ground that Kahn failed to make out a *prima facie* case are in no way dependent upon any difference between the testimony later adduced on behalf of respondent and what is contained in the instruction manuals. The fact is that even with the benefit of the entire contents of those manuals, unqualified by any testimony later introduced by respondent, petitioner could not make out a *prima facie* case of infringement.[16]

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15. Title 35 U.S.C. §112 provides in pertinent part:

> "An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claims shall be construed to cover the corresponding structure, material or acts described in the specification and equivalents thereof."

16. As the District Court emphasized,

> ". . . assuming *arguendo* the validity of the patent and the particular claims thereof allegedly infringed, it is clear that

In view of the foregoing, it is evident that petitioner's attack on the holdings of the courts below on the issue of infringement is without merit.

The Award of Attorney Fees Was Justified.

There are two bases on which this case was found to be exceptional within the meaning of 35 U.S.C. §285, attorney fees being awarded to defendant.[17] The first of these bases was the conduct of the plaintiff in the procurement of his patent. If that conduct did not constitute fraud on the Patent Office, *per se*, at least it was "in excess of simple negligence" and was "an adequate foundation for deciding that a patent action is exceptional." *Monolith Portland Midwest Co. v. Kaiser Aluminum & Chemical Corp.*, 407 F. 2d 288, 294 (9th Cir., 1969). The second basis for an award of attorney fees was Kahn's failure to use reasonable and responsible care prior to and during the suit to determine whether he was in a position to make out a case of infringement. *Kaehni v. Diffraction Co., Inc.*, 342 F. Supp. 523, 535 (D. Md., 1972), *affirmed* 473 F. 2d 908 (4th Cir.), *cert. denied*, 414 U.S. 854 (1973). The trial court and the appellate court recognized that this case is exceptional on these two grounds and that justice requires an award of attorney fees (A25-A27; A11-A14).

Kahn's argument at page 16 of the Petition that he is excused from his failure to call the 1931 publication of Peterson, Beverage & Moore (Exh. 13) to the attention of the Patent Office is grounded on his italicized self-serving assertion that *"This article is, in fact, not relevant."* This self-serving statement is inconsistent with the testimony

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Note 16——*Continued*

plaintiff has completely failed to sustain his burden of proving infringement." (A24-A25)

17. 35 U.S.C. §285 provides:

"The court in exceptional cases may award reasonable attorney fees to the prevailing party."

of Polkinghorn who found, upon studying that article, that ratio-squared combining yields an improvement in signal-to-noise ratio (JA-768-73). It is also inconsistent with the testimony of Dr. Brennan and Mr. Mack (*supra*, pp. 17-18).[18] The examiners were entitled (and the public was also entitled) to have this matter brought to the attention of the examiners in the Patent Office to let them evaluate its relevance.

Kahn's further argument on pages 9-11 and 15 of the Petition that he did not deceive or mislead the examiner concerning the Oswald patent when he finally induced an examiner [the examiners in Division 92] to allow the [continuation] application is equally specious as has already been shown (*supra*, pp. 7, 11-13 and 16-18).

Furthermore, as the District Court recognized, plaintiff misrepresented to the examiner the meaning of selected phrases carved out of Dr. Brennan's IRE paper written in 1959 (Exh. GG, p. 64; cf. Exh. L, p. 1081) and presented "so as to conceal their real purport when read in context" (Footnote 10 of District Court's opinion at A20). This was to mislead the examiner into believing Dr. Brennan had given Kahn credit not merely for an **"observation"** concerning the benefit of ratio squaring, but for having been (contrary to fact) the **originator** of ratio squaring *per se*. This was part and parcel of Kahn's relentless campaign before the examiners and even before the courts to capitalize upon the references by other writers to his letter published in the Proceedings of the IRE in 1954. But, as the District Court recognized,

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18. The relevance of the 1931 publication (Exh. 13) of Peterson, Beverage and Moore is apparent from the first report rendered by Kahn and his colleagues at Crosby Laboratories in the course of their one-year study and analysis contract with the Government (Exh. CC, pp. 35-36). It is also apparent from Dr. Brennan's comment on the proposition that Peterson, Beverage and Moore may well have had a "maximal-ratio" system albeit discussed in relation to selection diversity (Exh. L, p. 1081).

> "It is clear that Kahn made no new contribution to the art, but at most republicized what had much earlier been developed and published by others, at least some of which he had encountered in his work for Crosby Laboratories." (A21; also footnote 4 of the District Court's opinion at A17-A18)

The Court of Appeals found that this holding was reached by the trial court "on the basis of persuasive evidence" (A8-A9). Since republicizing an already developed system and making calculations and observations as to its merit is not a basis for patentability, it is apparent why Kahn depended on misleading the examiner into the belief that Dr. Brennan had given Kahn credit not merely for a publicizing observation but for originating ratio squaring.

With respect to the failure to recognize that there was no reasonable case for infringement, Kahn centers his argument on the magnitude of the exponential ratio in which the signal components received through the different diversity channels are combined [in the very limited range in which combining occurs] (Petition, pp. 17-21). It is hardly surprising that Kahn finds it necessary to sidestep the question of the relation between the clauses of each of the two claims and the Kahn patent specification, and the further question of the relation between the clauses of these claims, interpreted on the basis of Kahn's disclosure, and the accused apparatus. The District Court dealt fully with this matter (A24; A26). The Court of Appeals likewise noted that it was not surprised that, as the trial court had determined, Kahn's expert witness could not explain any definitively understood relation between the claims in suit and the disclosure in Kahn's description and drawings, much less make a consistent application of the claims to the accused receivers (A11-A13). Hence, as heretofore pointed out (*supra*, pp. 22-23), plaintiff was not able to make out a *prima facie* case of infringement even assuming that ratio-squared combining action was occurring in some part of the defendant's diversity receiver operating range.

The affirmed award of attorney fees on the basis of Kahn's misleading and deceit in obtaining the patent, and his lack of a good-faith basis for commencing the suit and persisting to its trial, is opposed by Kahn's dissective arguments rather than by addressing the overall substance of the holdings. For example, on page 19 Kahn now focuses attention on his new (unsupported) allegation of reasons why plaintiff did not utilize discovery. This is a new argument; it is devoid of record support. Even if the new averment were true, it would not be a basis for overcoming the holdings by the courts below, since the acts of the attorney are those of his client, and in any event plaintiff's not using discovery was only one facet of the broader picture of plaintiff's lack of good faith in obtaining and litigating his patent.

In view of these facts and the above cited *Monolith* and *Kaehni* cases *(supra*, p. 24), it is respectfully submitted that the award of attorney fees was fully supported and involved no abuse of discretion.

The Petition for Certiorari concludes with an impassioned argument, including a call for "halting the [alleged] wave of huge fines against inventors." Kahn makes the dire prediction that inventors could not risk suing on their patents. But a review of the cases shows that the courts, including the trial and appellate courts which rendered the consistent decisions herein, have demonstrated great restraint in bringing to bear on unsuccessful patentees the force of 35 U.S.C. §285. Examples include *Federal Welding Service v. Dioguardi*, 295 F. 2d 882, 888 (2nd Cir., 1961); *Bussemer v. Artwire Creations, Inc.*, 231 F. Supp. 798, 805 (S.D.N.Y., 1964); and *Indiana General Corp. v. Krystinel Corp.*, 297 F. Supp. 427, 449 (S.D.N.Y. (Tenney J.), 1969), *affirmed*, 421 F.2d 1023, 1033-34 (2nd Cir., 1970), *cert. denied* 398 U.S. 928 (1970). A review of the cases demonstrates no "wave of huge fines against inventors". Awards of attorney fees are the exception—not the rule. It would be a miscarriage of justice if despite 35 U.S.C. §285 an award of attorney fees were to be reversed in a case so extraor-

dinary as the present case, especially where the District Court had the significant benefit of observing the witnesses under examination including petitioner Kahn (*Indiana General Corp. v. Krystinel, supra*, 421 F. 2d at 1034) and was convinced that he had not proceeded in good faith.

CONCLUSION

Petitioner has strained to reshape the facts and thereby gain a yet further appellate review of a patent infringement suit wherein the well established law was correctly applied by the courts below as here demonstrated. For the foregoing reasons, the Petition should be denied.

Respectfully submitted,

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